

Challenges with recruiting small business for USCG Ship Repair Contracts in USCG District 8

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Abstract: *The U.S. Coast Guard (USCG) operates a fleet of 24 cutters on the inland rivers and gulf coast to maintain Aids to Navigation (ATON). The drydock maintenance of these cutters is completed by commercial vendors, and the USCG has historically awarded most of the work to one vendor in Tennessee and Alabama. This paper evaluates the value of the contracts awarded in FY 2014-2017 to establish if additional vendors would be attracted by the contract value. Existing industry surveys and the Small Business Administration (SBA) are reviewed to assist in locating additional vendors. Three recommendations are developed: [1] USCG Contracting personnel should coordinate with the SBA to locate vendors [2] SBA personnel should ensure businesses respond to industry surveys [3] Focus should be placed on identifying additional vendors in targeted geographic areas.*

Keywords: *USCG, DryDock, District 8,*

I. Introduction

The maintenance of Aids to Navigation (ATON) is one of the US Coast Guard's (USCG) primary missions particularly in the USCG District 8, which spans 26 states including the Gulf of Mexico from Florida to Mexico and the inland waterways of the Mississippi, Ohio, Missouri, Illinois, and Tennessee River Systems. Within District 8 a fleet of 24 small cutters, typically in a barge and tender configuration, maintain the floating and fixed ATON in the inland and near-coastal waterways. These cutters operate in inland or near coastal waters and can be collectively referred to as the USCG inland fleet. Built from 1960 to 1980 these cutters face considerable maintenance challenges from old age, lead paint, asbestos, and obsolete equipment. Every 2 years the cutters undergo a depot level maintenance at either dockside (remain in the water) or drydock (hailed out at a contractor facility). The dock side maintenance is often completed by USCG personnel at units in St Louis, MO or New Orleans, LA but no USCG organic resource exists in District 8 to drydock these units.



Photo: USCG WLIC-160 cutter in Dry Dock

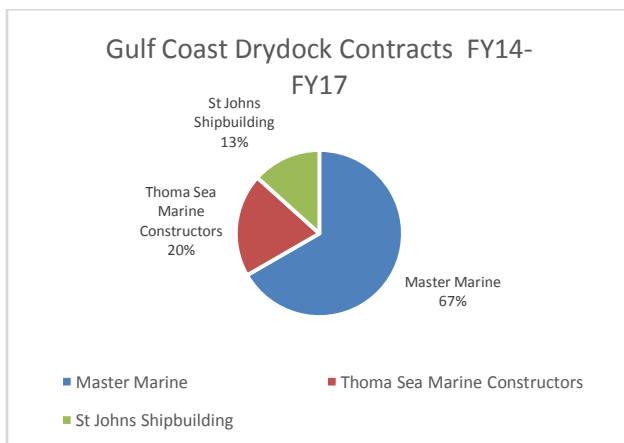
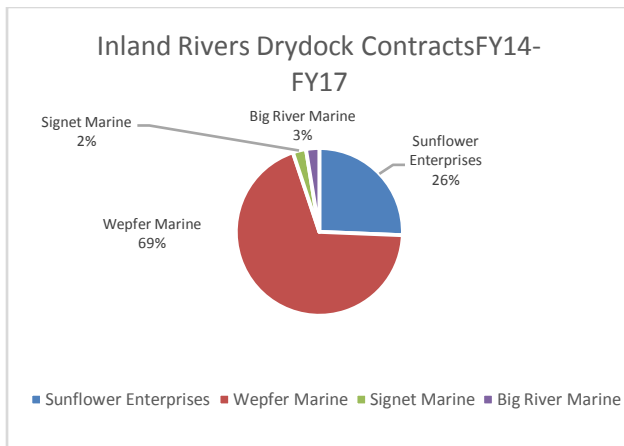
Although there are numerous shipyard facilities available on the gulf coast and inland waterways, the USCG has struggled in previous years to solicit multiple bids on drydock/depot level maintenance availabilities.

II. Historical USCG DryDock Contracts

Values of contracts awarded from Fiscal Years (FY) 2014 – 2017 was collected from USASpending.gov. Data was collected under NAICS Code 336611, Ship Building & Repair, and further narrowed by funding activity, date, and project name for USCG District 8. The FY, total value of contracts awarded, number of unique projects in each FY, and the number of unique vendors is summarized in the below table:

FY	Total Contract Values	Total # of Projects	Total # of vendors
14	\$9.37M	12	4
15	\$10.20M	18	5
16	\$7.97M	8	3
17	\$8.17M	15	5

The median contract value per FY is \$8.93M. Most of the contracts values on the Inland River and Gulf Coast went to one vendor respectively. On the inland rivers, Wepfer Marine in Memphis, TN received 69% of the contract value awarded. On the gulf coast, Master Marine in Bayou la Batre, AL received 67% of the contract value awarded. The award to other vendors between Fiscal Years 2014-2017 is presented graphically below:



[5]

III. Industry Survey

The Gulf Coast of the United States has one of the largest ship-building and repair capabilities of

anywhere in the world. However, locating small businesses is a considerable challenge, even with the advent of social media and the internet.

3.1. National Industry Survey

The U.S. Maritime Administration (MARAD) publishes a "Report on Survey of U.S. Shipbuilding and Repair Facilities". The survey of U.S. shipbuilding capability is a congressional requirement and populated by sending a survey to 350 shipyards annually. The report divided the shipyards into capabilities and including Major U.S. Private Shipyards servicing vessels up to 122 meters (400 feet), and Medium/Small U.S. Shipyard servicing vessels less than 122 meters (400 feet).

Due to the relatively small contract value, the repair of the USCG Inland Fleet would likely not attract a major shipyard. However, the report identified 64 shipyards on the Gulf Coast and 10 shipyards on the Inland Rivers capable of repair services to tug boats and barges. The report provides the shipyard contact information, website (if available), and a summary of capabilities. [4]

3.2. Industry Survey of USCG District 8

Workboat Magazine, a major towboat industry trade publication, produces an annual shipbuilding construction survey. Many of these yards perform both construction and repair. The report is updated annually, and features specific contact information such as emails and phone numbers for sales personnel. The March 2017 Workboat Construction Survey identified 27 Gulf Coast Shipyard and one Inland River Shipyard. Workboat does not maintain a separate database of all shipyards in the United States. [8]

3.3. Finding additional shipyards on the inland rivers

Anyone who has worked on the inland rivers knows significantly more shipyards exist than listed on the MARAD and Workboat Industry survey. According to Michael Baltzgar [3], a Procurement Center Representative (PCR) at the Small Business Administration (SBA) office in Jackson MS, there are numerous shipyards on the inland rivers that are interested in USCG projects. Most of the inland rivers are rural, and these shipyards do not maintain a website or directory presence. According to Baltzgar, the SBA is the "boots on the ground" to connect the small, under-served businesses to government contracts. With sufficient notice, the SBA offices in each state can work Business Opportunity Specialists, who maintain additional directories on small businesses in their respective region, to connect small

business to government contracts.

IV. USCG Contracting Requirements

The USCG requirements to drydock a cutter can be divided into general contracting requirements and unique drydock requirements. The contracting of vendors is administered by the USCG Contracting and Procurement Branch, who are typically based out of Norfolk, VA or Oakland, CA.

4.1 General Contracting Requirements

The USCG maintains a central portal with all of the resources and links for USCG contracts. Some of the basic requirements are central for all government contracts including:

1. DUNS number: A 9-digit number for a business's physical location.
2. Register as a federal contractor under the GSA System for Award Management (SAM)
3. E-Verify: An internet based system to determine if employees can work in the United States. [1]

4.2 USCG Administrative Requirements

USCG projects require a significant amount of administrative work on behalf of the contractor, regardless of the project. These requirements are defined in the Surface Forces Logistics Center (SFLC) Standard Specification 0000, General Requirements. Typically, a management employee of the contractor is full-time employed in maintaining the administrative side of the contract including billing, estimating for additional work, responding to correspondence, and progress meetings. The USCG requires a contractor to present a list of sub-contractors as well as a detailed schedule in a Gantt chart format prior to the start of work. All of this requires significant time investment by a contractor.

4.3 Dry Dock Requirements

The requirements for physically drydocking a USCG cutter are detailed in the SFLC Standard Specification 8634, Drydocking. The USCG requires the inspection and certification of a contractor facility, by either NAVSEA, a Professional Engineer, Lloyds Register, ABS, or OSHA certification (if using a crane) with Professional Engineer concurrence. This certification must be submitted prior to bidding on a project. This inspection is very

detailed and requires inspection of a drydocks top-level, interior, and underwater conditions. A re-inspection is required every 2-3 years depending on the age of the facility.

A contractor bidding on a USCG project must also submit drydock lifting calculations. These are detailed calculations showing the exacting configuration that a contractor would use to drydock a vessel. These calculations are prepared under the auspice of a Naval Architect or Professional Engineer. [1]

The inspection of the drydock facilities and preparation of calculations is a significant cost, typically \$5,000-\$10,000 on engineering services, in order to submit a bid for a project with no guarantee of award.

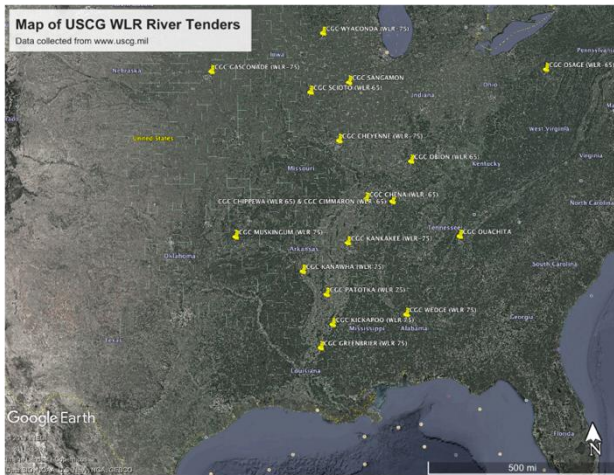
V. Acquisition Planning Forecast System (AFPS)

The AFPS is a portal managed by the Department of Homeland Security for Small Businesses to view upcoming contracts above \$150,000. The portal is accessed at <http://afps.dhs.gov>. Upcoming contracts can be quickly filtered by Component, Value, NAIC code, and other options. The results include the estimated contract award date, dollar range, Point of Contact (POC), and brief descriptions. [6] This is an extremely powerful tool for contractors to plan for upcoming contracts.

VI. Geographic Restrictions

The USCG imposes a geographic restriction on drydock contracts for the inland river fleet. This restriction limits the distance a cutter will travel from home port to a contractor facility. The distance can be changed if the cutter has a machinery issue or environmental conditions such as ice limit safe navigation. Geographic restrictions are listed in the contract posting on FedBizOps and on AFPS. [5,6]

A general search of upcoming inland river drydock contracts indicated a geographic restriction of 650 miles for vessels operating on the inland rivers, and 400 miles for vessels operating on gulf coast. This mileage is determined by actual miles transited, not straight-line measurements. Below is a map of the Inland river cutters:



resources to shipyards that may not maintain a directory or on-line presence.

6.2 Small Business Attention to AFPS & MARAD Survey

USCG Contracting & Procurement personnel should work with the SBA local offices to ensure they are providing small businesses with the AFPS information and responding to MARAD industry surveys. These are both powerful tools to connecting small business with government contracts that are already established.

6.3 Geographic Focus

USCG Contracting & Procurement personnel should focus on locating new facilities on the Mississippi River in Tennessee and lower Missouri to maximize their availability for multiple inland river units. For gulf coast cutters, additional vendors should be sought in Louisiana to maximize availability.

VIII. Conclusion

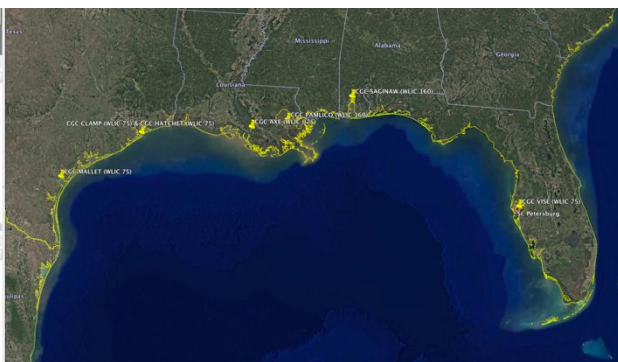
The value of US Coast Guard contracts for commercial vendors to drydock inland cutters is significant, with an average annual value of \$8.93M. Industry surveys from MARAD and trade groups confirm significant shipyard capability exists to support attracting multiple vendors. Additionally, “boots on the ground” small business specialists through the SBA are available in each state. However, after locating additional vendors, it will remain an uphill battle to find vendors that will accept the significant administrative cost, both in certifying facilities prior to bid, and the time commitment to pursue and manage a government project.

REFERENCES

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- [3.] Baltzgar M. Personal communication. November 8, 2017.
- [4.] U.S Maritime Administration, Shipyard Report. Retrieved October 26, 2017 from <https://www.marad.dot.gov/ships-and-shipping/national-maritime-resource-and-education-center/shipyard-reports/>
- [5.] Online available from <http://USAspending.gov>

[1]
 Although no specific location would be within 650 river miles of all inland river cutters, locating additional drydock facilities on the Mississippi River in Tennessee and southern Missouri would maximize the number of cutters within 650 river miles of the facility. Additionally, the Mississippi river is not closed south of Iowa/Illinois due to Ice. Typically the inland rivers close from December to March in Iowa and northward. [2]

Below is a map of the Gulf Coast USCG District 8 cutters:



[1]
 Locating additional vendors in Louisiana would be useful in drydock contracts will 83% of the gulf coast cutters.

VII. Strategies for Future USCG Contracts

6.1 Coordination with Small Business Administration

To assist with reaching small businesses to diversify drydock contractors, USCG Contracting & Procurement personnel should coordinate with local SBA offices. These offices can use their additional

- [6.] Online available from <http://afps.dhs.gov>
- [7.] Online available from <https://www.fbo.gov>
- [8.] Hocke K, Workboat's 2016-2017 Construction Survey. Online available from https://www.workboat.com/wp-content/uploads/2016/05/WB_ConstructionSurvey_2016_rev_3.17.17.pdf